

**COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY**

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Investigation by the Department of Telecommunications)

and Energy on its own Motion into the Appropriate Pricing,)

based upon Total Element Long-Run Incremental Costs, for)

Unbundled Network Elements and Combinations of)

Unbundled Network Elements, and the Appropriate) D.T.E. 01-20

Avoided Cost Discount for Verizon New England, Inc.)

d/b/a Verizon Massachusetts' Resale Services in the)

Commonwealth of Massachusetts)

**RNK INC. D/B/A RNK TELECOM'S REPLY COMMENTS ON MOTION OF
SERVISENSE.COM, INC. AND ESSENTIAL.COM, INC.
TO REQUIRE VERIZON'S USE OF CURRENT DATA
IN ITS INITIAL AVOIDED COST STUDY**

RNK Inc. d/b/a RNK Telecom ("RNK") submits these Reply Comments in response to a Motion made by ServiSense.com and Essential.com Inc. ("Commenters") on February 21, 2001 in DTE 01-20. In general, RNK agrees with all contentions put forth by the Commenters.

More specifically, RNK agrees with the Commenters contention that companies like RNK have made significant investments based upon the Department of Telecommunication and Energy's ("DTE" or "Department") clear statement that the

resale discount would be in place for five years "absent some compelling circumstance" that would disadvantage other carriers.⁽¹⁾ Here, the only compelling circumstance that would disadvantage other carriers is the possibility that the resale discount may decrease by approximately 40%. In fact, RNK, and its investors have made substantial resale obligations to customers relying upon the five year duration put forth by the DTE's March 1999 Order, obligations that assumed the existing discount. To decrease that discount would only further undermine competition in Massachusetts, and further shake investor's faith in the DTE to create and maintain a stable marketplace for local telecommunications. In that light, the Department should delay entirely an examination of Verizon's resale discount, as any examination at this time would be at best premature. If the Department finds that now is the best time to *review* of the resale discount at this time, RNK also agrees with the Commenters that there is no compelling circumstance which obligates the Department to prematurely change the existing discount rate and *apply* that rate. At an absolute minimum, the Department must not change the December 31, 2001 end date it established in DTE 98-15.

In addition, RNK agrees that due to the Department's previous decision to establish at least a five-year period for the existing discount without review, if any changes are to be made to the existing discount rate, those changes should only apply prospectively, and only to new resold facilities and services.⁽²⁾ To apply a new lower discount rate to existing services would be to render meaningless the Department's former discount rate and decisions supporting it, and unnecessarily deprive RNK and other Competitive Local Exchange Carriers ("CLECs") in Massachusetts using resale as a method of competing and providing services of the already slim profit on those facilities and services contemplated when CLECs made contractual commitments to their customers.

RNK further agrees with the Commenters that Verizon should use more recent data in calculating the resale discount. Verizon should be given sufficient time to create a new study using cost figures from the year 2000, and not 1999. If the Department maintains its original thoughts that a five-year duration for the resale discount is reasonable, even if the Department shortens the current duration to commence in January 2002, those discounts will be in place until January 2007. Accordingly, the Department should use the most recent data available, which would be from 2000. In addition, in keeping with the Department's thoughts in DTE 98-15 to stabilize the market and protect "other carriers" from being improperly disadvantaged, RNK agrees with the Commenters that because Verizon's costs appear to have increased, and its revenues appear to have decreased, either of which would *increase* the resale discount, the DTE should require Verizon to use the 2000 information, which otherwise will not accurately reflect avoided costs.

Therefore, for the reasons stated above, RNK supports the Motion of ServiSense.com, Inc. and Essential.com, Inc., and urges the Department to use current data in its review of

the resale discount, if review of the resale discount at this time is a timely, worthwhile, proper, and necessary use of limited Department resources.

Respectfully submitted,

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1. DTE 98-15 (Phases II, III) at 15-16 (1999).
2. I.e., until the 5-year period has passed from the Department's order making such rates final, March 19, 2004, when the new discount rate would apply to all resold facilities and services.